

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 SP-02 AID-05

EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 /072 W  
----- 109049

O 242055Z AUG 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC IMMEDIATE 8027

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E.O. 11652: N/A

TAGS: EFIN, DR

SUBJECT: PROSPECTIVE GODR DRAWING ON CFF

REF: STATE 106911

1. ACCORDING TO CENTRAL BANK SOURCES AND EMBASSY CALCULATIONS, CENTRAL BANK AS DISTINCT FROM THE TOTAL BANKING SYSTEM HAS, BY IMF DEFINITION, GROSS INTERNATIONAL RESERVES OF \$77.4 MILLION. BY CENTRAL BANK DEFINITION CENTRAL BANK AS OF AUGUST 20 HAD GROSS INTERNATIONAL RESERVES OF \$88.7 MILLION AND NET INTERNATIONAL RESERVES OF \$70 MILLION. CENTRAL BANK IS STILL CALCULATING GROSS AND NET RESERVES FOR THE BANKING SYSTEM AS A WHOLE FOR THE END OF JULY.

2. BRAZILIAN EXECUTIVE DIRECTOR TO IMF KAFKA, WHO ALSO REPRESENTS THE DR, REMARKED TO ECONOMIC COUNSELOR WHEN HERE LAST WEEK THAT THERE HAS BEEN A STATISTICAL PROBLEM WITH THE CENTRAL BANK FOR THE PAST TEN YEARS. MOREOVER, CENTRAL BANK AND IMF USE DIFFERENT DEFINITIONS FOR ASSETS AND LIABILITIES OF INTERNATIONAL RESERVES, AS FOLLOWS:

(A) CENTRAL BANK DEFINITION

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ASSETS

GOLD, FOREIGN EXCHANGE, GOLD POSITION IN IMF,  
CONTRIBUTIONS TO OTHER INTERNATIONAL ORGANIZATIONS.

LIABILITIES

(I) BANK'S OBLIGATIONS IN GOLD AND FOREIGN EXCHANGE  
PAYABLE AT SIGHT OR WITHIN 30 DAYS, EXCEPT DEPOSITS  
IN FOREIGN EXCHANGE IN FAVOR OF BANKS IN THE REPUBLIC.

(II) SEVENTY-FIVE PERCENT OF THE BANK'S OBLIGATIONS IN  
GOLD, FOREIGN EXCHANGE AND DEPOSITS IN FOREIGN CURRENCY  
PAYABLE WITHIN 31 TO 365 DAYS.

(III) FIFTY PERCENT OF THE BANK'S OBLIGATIONS IN GOLD  
OR FOREIGN EXCHANGE PAYABLE WITHIN ONE TO THREE YEARS,  
INCLUDING OBLIGATIONS TO IMF FOR THE PURCHASE OF  
FOREIGN EXCHANGE.

(IV) TWENTY-FIVE PERCENT OF THE BANK'S OBLIGATIONS IN  
GOLD OR FOREIGN EXCHANGE PAYABLE AFTER THREE YEARS.

(B) IMF DEFINITION

ASSETS

GOLD, FOREIGN EXCHANGE, GOLD POSITION IN IMF, ONLY IF  
GOLD TRANCHE HAS NOT BEEN DRAWN.

LIABILITIES

(I) OBLIGATIONS IN GOLD AND FOREIGN EXCHANGE PAYABLE IN  
LESS THAN A YEAR.

(II) OBLIGATIONS TO IMF FOR THE PURCHASE OF FOREIGN EX-  
CHANGE, ONLY WHEN THEY EXCEED THE GOLD TRANCHE.

3. UNDER FOUR GROUPINGS OF LIABILITIES CENTRAL BANK LISTS  
AMOUNTS AS \$1.0 MILLION, \$9.3 MILLION, \$3.1 MILLION, AND  
\$5.2 MILLION, RESPECTIVELY, TOTALING \$18.6 MILLION.  
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UNDER IMF DEFINITION, DR CENTRAL BANK HAS INTERNATIONAL  
RESERVE LIABILITIES OF \$13.4 MILLION.

4. DR HAS DRAWN \$12.3 MILLION GOLD TRANCHE AND HAS PAID  
SOME \$4.0 MILLION IN CONTRIBUTIONS TO OTHER INTERNATIONAL  
ORGANIZATIONS, INCLUDING IDB, IBRD, AND IDA. BY IMFHWDFINI-  
TION CENTRAL BANK HAS GROSS INTERNATIONAL RESERVES OF  
\$72.4 MILLION.

5. CONCERNING POSSIBLE NEED FOR CFF FUNDS TO MEET SEPTEMBER PAYMENT OF \$40 MILLION TO VENEZUELA, DOMINICAN CENTRAL BANK HAS SWAP ARRANGEMENT WITH VENEZUELAND CENTRAL BANK WHEREBY PETROLEUM IMPORT BILL IS ALLOWED TO ACCUMULATE AND IS SETTLED AT THE END OF EACH QUARTER. CONSEQUENTLY, GODR WILL APPARENTLY BE OWING \$40 MILLION AT END OF SEPTEMBER OR THEREABOUTS. EMBASSY DOES NOT RPT NOT KNOW BASIS FOR KAFKA'S DATE OF SEPTEMBER 9, BUT IT COULD BE RELATED TO PAYMENT TO VENEZUELA IF FOR SOME REASON CENTRAL BANK SETTLEMENTS WERE NOT RPT NOT ON PRECISELY QUARTERLY BASIS.

6. SECRETARY OF INDUSTRY AND COMMERCE TODAY SHOWED ECONOMIC COUNSELOR CONFIDENTIAL STUDY PREPARED BY CENTRAL BANK PROJECTING B/P DEFICIT THIS YEAR OF \$78 MILLION BASED ON AVERAGE EXPORT PRICE OF SUGAR OF 13.5 CENTS PER POUND, BUT SUGAR HAS NOT RPT NOW FALLEN BELOW 10 CENTS. DR WILL BE FORTUNATE IF THIS YEAR'S B/P DEFICIT IS LESS THAN \$100 MILLION.  
HURWITCH

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## Message Attributes

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